Pet & Libya

Department of State TELEGRAM

EXCISE

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ACTION AF-19

INFO OCT-01 EUR-20 CIAE-00 DODE-00 PM-05 H-02 INR-08 L-04
NSAE-00 NSC-10 P-03 RSC-01 PRS-01 SS-20 USIA-12
AID-28 COM-08 E-15 FRB-02 TRSE-00 XMB-06 OPIC-12
TRSY-11 OEP-01 INT-06 CEA-02 STR-08 CIEP-01 RSR-01
/207 W

113857

P 231543Z MAR 81
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 7557
INFO IMEMBASSY BENGHAZI PRIORITY 3375
AMEMBASSY LONDON

C O N F I D E N T I A L TRIPOLI 603

SUBJ: LIBYAN OIL NEGOTIATIONS

REF: TRIPOLI 589, LONDON 2572

Tripoli 603 3/23/81

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 6/22/81
PORTIONS DENIED AS INDICATED

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1. COMPANIES [redacted] CONVENED MEETING OF WESTERN EMBASSY REPS AT NOON TODAY (MARCH 23) TO REVIEW, MAINLY FOR BENEFIT OF FRENCH, GERMAN AND DUTCH REPS (SPANISH DID NOT ATTEND), DEVELOPMENTS OF LAST THREE DAYS CULMINATING IN CURRENT IMPASSE. ONLY NEW DEVELOPMENT WAS SUMMONING OF OCCIDENTAL'S WILLIAMSON BY MINPET MABRUK LATE THIS MORNING. WILLIAMSON RETURNED WHILE BRIEFING WAS IN PROGRESS AND IMMEDIATELY MET WITH OTHER MEMBERS OF COMPANIES' TRIPOLI TEAM.

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2. FROM SECONDARY COMPANY SOURCE WE SUBSEQUENTLY LEARNED THAT WILLIAMSON HAS HAD SERIES OF MEETINGS TODAY TO DISCUSS LARG'S TWO OBJECTIONS TO DRAFT AGREEMENT, I.E., SULPHUR ALLOWANCE CRITERION AND ONE-YEAR EXPLORATION COMMITMENTS. SOME PROGRESS REPORTEDLY HAS BEEN MADE TOWARD EXPRESSING SULPHUR CRITERION, AS IT WOULT IPPLY TO NEW LIBYAN CRUDES, IN LANGUAGE MORE ACCEPTABLE TO MABRUK WITHOUT TAKING SUBSTANTIVE CHANGE.

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MABRUK, HOWEVER, CONTINUES TO INSIST THAT EXPLORATION COMMITMENT BE APPLICABLE TO FULL FIVE-YEAR TERM OF AGREEMENT.

3. COMMENT: DIFFICULTY OVER SULPHUR ALLOWANCE CRITERION SEEMS ON ITS WAY TO SOLUTION. EASE WITH WHICH COMPANIES EARLIER APPEARED TO HAVE OVERCOME LARG'S INVASTENCE UPON REINVESTMENT IN EXPLORATION HAS BEEN PERHAPS MOST SURPRISING ELEMENT IN LONG NEGOTIATIONS. REAPPEARANCE NOW OF DEMAND FOR ASSURED LONG-TERM LEVEL OF EXPLORATION IS THEREFORE DISCONCERTING. WHETHER DEMAND IS ONLY FINAL LARG EFFORT TO SQUEEZE A BIT MORE FROM COMPANIES, OR IS BREAKPOINT LARG HAS KEPT IN BACKGROUND UNTIL MAXIMUM CONCESSIONS WERE OBTAINED ON POSTED PRICE, SHOULD BECOME APPARENT SOON.
GP-4.
PALMER

DECLASSIFIED